

**DEPARTMENT OF WATER RESOURCES**

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(916) 653-5791



MAR - 1 2000

Mr. Lester Snow, Regional Director  
Mid-Pacific Regional Office  
Bureau of Reclamation  
U.S. Department of the Interior  
2800 Cottage Way, Room W-1105  
Sacramento, California 95825-1898

Mr. Michael Spear  
California/Nevada Operations Manager  
U.S. Fish and Wildlife Service  
2800 Cottage Way, Suite W-26  
Sacramento, California 95825

Over the past few weeks, representatives of our agencies have met to resolve the issue of repaying the State Water Project for water supply impacts related to export curtailments undertaken by the SWP during calendar year 1999. This letter contains the agreement recently reached by our agencies and, once all signatures are obtained, will serve as our formal acknowledgement of the acceptance of its provisions. The agreement follows.

**Agreement Settling the Issue  
of State Water Project Water Supply Reductions Resulting  
from Export Curtailments Taken in Calendar Year 1999.**

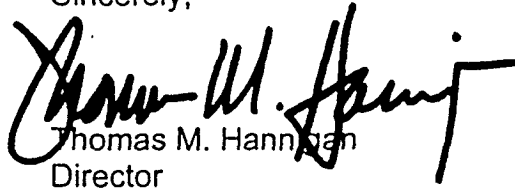
State and federal agencies met to address issues raised in the Department of Water Resources' letter, dated January 7, 2000, and the Department of the Interior's response, dated January 27, 2000, related to "payback" of the State Water Project for 1999 operations. Both parties agree to the following terms as a one-time settlement of the matter without prejudice to the legal or policy positions of either party:

- a. The Central Valley Project will release water from upstream storage at times prior to November 30, 2000, in amounts to support the export of 70,000 acre-feet by the State Water Project. The timing of this release will be coordinated between the Department of Water Resources and the Bureau of Reclamation;
- b. The releases shall be accounted for as "(b)(2) water;"
- c. The federal and State agencies recognize there is a possibility that wet conditions in the fall of calendar year 2000 could result in unregulated flows in the Sacramento River and Delta, making the continued release of water from upstream Central Valley Project storage unnecessary to support State Water Project exports. Under such conditions, the State and federal agencies deem the condition in paragraph a, above, as having been met.


Mr. Lester Snow  
Mr. Michael Spear  
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Please sign this letter where indicated and return the completed original to me as soon as possible. If you wish to discuss this issue further, please contact me at (916) 653-7007 or Steve Macaulay, Chief Deputy Director of the Department of Water Resources, at (916) 653-6055.


Sincerely,

  
Thomas M. Hannigan  
Director

We concur with the agreement as stated herein.

  
Lester Snow, Regional Director  
Mid-Pacific Region  
U.S. Bureau of Reclamation

Date: 3/2/00

  
Michael Spear, Manager  
California/Nevada Operations Office  
U.S. Fish and Wildlife Service

Date: 3/2/00